

Performance Based Contracting

A technical point of view, review and
discussion

Today's Discussion

- Request after attending a PBC course here at GSFC
- Course was PBC for non-routine services
- Presented by the Naval Acquisition Training Center
- Audience is primarily for Cos, COTRs and others responsible for interacting with PBC

The Simple Question

- What is PBC?
 - **A.** a fancy name for common sense direction and description of discrete or non-discrete deliverables.
 - **B.** a mandate by our administration that ALL contracts in NASA will be performance based.
 - **C.** a type of contract used to acquire services from a vendor for the Government.
 - **D.** not for every type of service needed at NASA and Goddard

Not So Simple Answer

- What is PBC?
 - ✱ **A.** a fancy name for common sense direction and description of discrete or non-discrete deliverables.
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The Defn

- ‘Official’
 - The Performance Based Contracting initiative entails structuring all aspects of an acquisition around the purpose of the work to be performed as opposed to *how* the work is to be performed or broad and imprecise statements of work. It emphasizes quantifiable, measurable performance requirements and quality standards in developing statements of work, selecting contractors, determining contract type, structuring incentives, and performing contract administration, including surveillance.

Another Defn

- ‘The technical persons’
 - A method of wording the statement of work such that we indicate the work to be done not how and measurable elements of the work or product.
 - A hands-off approach to contract monitoring. Allow the contractor to make own direction and decision on best approach for solving a problem.
 - A way to foster revolutions in industry and technology.
 - A potential nightmare when something goes wrong.

Some Basics

- A contract is not considered PBC if it is Level-of-Effort (either fixed price or cost reimbursement), Time and Materials, or have a design or detail specification.
- A PBC MUST have performance standards (criteria for determining whether the work requirements are met), and some kind of contract performance incentive, positive or negative, explicit or implicit.

More Basics

- The Official written implementation indicates NASA should implement PBC wherever it makes sense, including contracts for hardware, services, and R&D.
- The un-official implementation at GSFC to everything is PBC 100%

Goals of PBC

- Save money by reducing contract costs from elimination of unnecessary effort, through innovation by the contractor, and also by reducing Government surveillance.
- Enable NASA to shift its emphasis from processes to outputs.
- Hold contractors accountable for the end results. Ensure that contractors are given the freedom to determine how to meet NASA's performance objective.

Role of Technical Person

- Acting as a liaison or representative of the CO and Government to the Contractor.
- Main point of surveillance of the contract.
- The initiators of contract, but we don't have the power or authorization to issue or modify them.
- Responsible for following government, agency, and center rules and regulation on acquisition of products and services.

The Performance Work Statement

- The PWS is the statement of work, it describes the how and indicates the measurable elements. It also can include the incentives for the measurable elements.
- Difficult to write.
- There is a 34 page guide to help, document # NPG 5600.2B December, 1997. (also at <http://www.hq.nasa.gov/office/procurement/newreq1.htm>)

The Contract

- Several types of contracts varying in risk to the government and contractor.

Minimum cost
risk to contractor

Maximum cost
risk to contractor



What about IDIQ?

- IDIQ type contracts are not incentive type contracts and are considered Delivery Order and Task Order Contracts.
 - When initiated, should include sample tasks and basis for evaluation of work and cost.
 - Contract should include labor rates and min & max value.
 - All orders of multi-task IDIQ must fall within scope of contract and be written as performance based
 - Contractor will be held accountable to price or estimated cost of orders, technical quality and schedule requirements.

More...

- More information can be found at:
<http://www.hq.nasa.gov/office/procurement/perfbase.htm>